Library and Archives Canada | Bibliothèque et Archives Canada

Future-Oriented Statement of Operations of

LIBRARY AND ARCHIVES CANADA

For the years ending
March 31, 2014 and March 31, 2015

Canada

LIBRARY AND ARCHIVES CANADA

Future-Oriented Statement of Operations (Unaudited)
For the Year Ending March 31
(in thousands of dollars)

	Estimated Results 2013–2014	Planned Results 2014–2015
Expenses		
Development of regulatory instruments and recordkeeping tools	$ 3,706	$ 4,339
Collaboration in the management of government records	20,838	19,726
Documentation of Canadian society	17,815	17,090
Stewardship of documentary heritage	39,213	50,703
Access to documentary heritage	35,452	34,887
Internal services	25,974	23,686
Total expenses	**142,998**	**150,431**
Revenues		
Sales of goods and information products	230	220
Gain on disposal of non-capital assets	130	125
Miscellaneous revenues	75	75
Revenues earned on behalf of Government	(70)	(70)
Total revenues	**365**	**350**
Net cost of operations	**$ 142,633**	**$ 150,081**

The accompanying notes form an integral part of this future-oriented statement of operations.

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Acting Librarian and Archivist of Canada
Gatineau, QC
February 21, 2014

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February 17, 2014

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Notes to the Future-Oriented Statement of Operations (Unaudited)
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1. Mandate and Objectives

Library and Archives Canada (LAC) is a government institution that was established on May 21, 2004, as a result of the amalgamation of the former National Library of Canada and National Archives of Canada. LAC's role was confirmed in the 2004 *Library and Archives of Canada Act*, which assigns discretionary power to the Librarian and Archivist of Canada in attaining LAC's objects. Pursuant to the Act, no government or ministerial record may be destroyed without the prior written consent of the Librarian and Archivist of Canada. Records considered by the Librarian and Archivist of Canada to be of historical or archival importance shall be transferred to his or her care and control.

LAC is considered a Schedule I.1 organization under the *Financial Administration Act* and reports to Parliament through the Minister of Canadian Heritage. LAC's mandate is as follows:

- to preserve the documentary heritage of Canada for the benefit of current and future generations;
- to serve as a source of enduring knowledge accessible to all, contributing to the cultural, social and economic advancement of Canada as a free and democratic society;
- to facilitate in Canada cooperation among communities involved in the acquisition, preservation and diffusion of knowledge; and
- to serve as the continuing memory of the Government of Canada and its institutions.

2. Methodology and Significant Assumptions

The future-oriented statement of operations has been prepared on the basis of government priorities and the plans of LAC as described in the Report on Plans and Priorities.

The information in the estimated results for fiscal year 2013–2014 is based on actual results as at December 31, 2013, and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for the 2014–2015 fiscal year.

The main assumptions underlying the forecasts are as follows:

(a) LAC's activities will remain substantially the same as for the previous year;
(b) Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience. The general historical pattern is expected to continue.

These assumptions were adopted in January 2014.

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3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results for the remainder of 2013–2014 and for 2014–2015, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing this future-oriented statement of operations, LAC has made estimates and assumptions concerning future events. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the future-oriented statement of operations and the historical statement of operations include:

(a) The timing and amount of acquisitions and disposals of property, which may affect gains/losses and amortization expenses.
(b) Implementation of new collective agreements.
(c) Economic conditions, which may affect both the amount of revenue earned and the collectability of accounts receivable.
(d) Further changes to the operating budget through additional new initiatives or technical adjustments later in the year.

Once the Report on Plans and Priorities is presented, LAC will not be updating the forecasts in response to any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Performance Report.

4. Summary of Significant Accounting Policies

The future-oriented statement of operations has been prepared using government accounting policies that came into effect for the 2013–2014 fiscal year, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary authorities

LAC is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to LAC does not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a reconciliation between the bases of reporting.

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(b) Expenses

Expenses are recorded on an accrual basis. Expenses for government operations are recorded when goods are received or services are rendered, including services provided without charge for accommodation, employer contributions to health and dental insurance plans, legal services and worker's compensation, which are recorded as expenses at their estimated cost. Vacation pay and compensatory leave, as well as severance benefits, are accrued and expenses are recorded as the benefits are earned by employees under their respective terms of employment.

Transfer payments are recorded as expenses when the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement or, in the case of transactions that do not form part of an existing program, when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statement. Transfer payments that become repayable as a result of specific contribution agreement conditions that have come into being are recorded as a reduction to transfer payment expense and as a receivable.

Expenses also include provisions to reflect changes in the value of assets, including provisions for bad debt on accounts receivable and contingent liabilities and environmental liabilities, to the extent that the future event is likely to occur and a reasonable estimate can be made.

Expenses also include amortization of tangible capital assets, which are capitalized at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset.

(c) Revenues

Revenues are recorded on an accrual basis:

i) Sales of goods and information products are revenues from regulatory fees and are recognized in the accounts based on the services provided in the year.

ii) Funds received from external parties for specified purposes are recorded upon receipt as deferred revenues. These revenues are recognized in the period in which the related expenses are incurred.

iii) Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

iv) Revenues that are non-respendable are not available to discharge LAC's liabilities. While the Deputy Head is expected to maintain accounting control, he or she has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of the entity's gross revenues.

(d) Collections
Items purchased for LAC's collections are recorded as an expense in the year of acquisition.

5. Parliamentary Authorities

LAC is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the institution does not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Items recognized in the future-oriented statement of operations in one year may be funded through parliamentary authorities in prior, current, or future years. Accordingly, LAC has a different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to forecast parliamentary authorities used	**Estimated Results 2013–2014**	**Planned Results 2014–2015**
	(in thousands of dollars)	
Net cost of operations	**$ 142,633**	**$ 150,081**
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(49,958)	(47,905)
Amortization of tangible capital assets	(2,904)	(3,343)
Decrease (increase) in obligation for termination benefits	853	-
Decrease in employee future benefits	2,829	558
Decrease in vacation pay and compensatory leave	75	25
Refunds of previous years' expenditures	266	55
Revenue not available for spending	130	125
Total items affecting net cost of operations but not affecting authorities	(48,709)	(50,485)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	4,781	2,250
Total items not affecting net cost of operations but affecting authorities	4,781	2,250
Forecast authorities used	**$ 98,705**	**$ 101,846**

The $101.8M in forecast authorities used for 2014–2015 differs from the $95.9M in planned authorities presented in the Report on Plans and Priorities 2014–2015. The difference of $5.9M is explained by the fact that total authorities provided in the future-oriented statement of operations include a forecast of $1.3M for eligible paylist expenditures, $4.4M for the operating budget carry-forward from 2013-2014 to 2014-2015 and $0.2M for collective bargaining.

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(b) Forecast authorities available and used	Estimated Results 2013–2014	Planned Results 2014–2015
	(in thousands of dollars)	
Vote 55 – Operating expenditures	$ 90,504	$ 91,117
Vote 60 – Capital expenditures	3,949	1,050
Statutory amounts	10,894	9,679
Forecast authorities available	105,347	101,846
Forecast estimated lapse (e.g., operating, frozen allotments)	(6,642)	-
Forecast authorities used	**$ 98,705**	**$ 101,846**

The $101.8M in forecast authorities used for 2014–2015 differs from the $95.9M in planned authorities presented in the Report on Plans and Priorities 2014–2015. The difference of $5.9M is explained by the fact that total authorities provided in the future-oriented statement of operations include a forecast of $1.3M for eligible paylist expenditures, $4.4M for the operating budget carry-forward from 2013-2014 to 2014-2015 and $0.2M for collective bargaining.